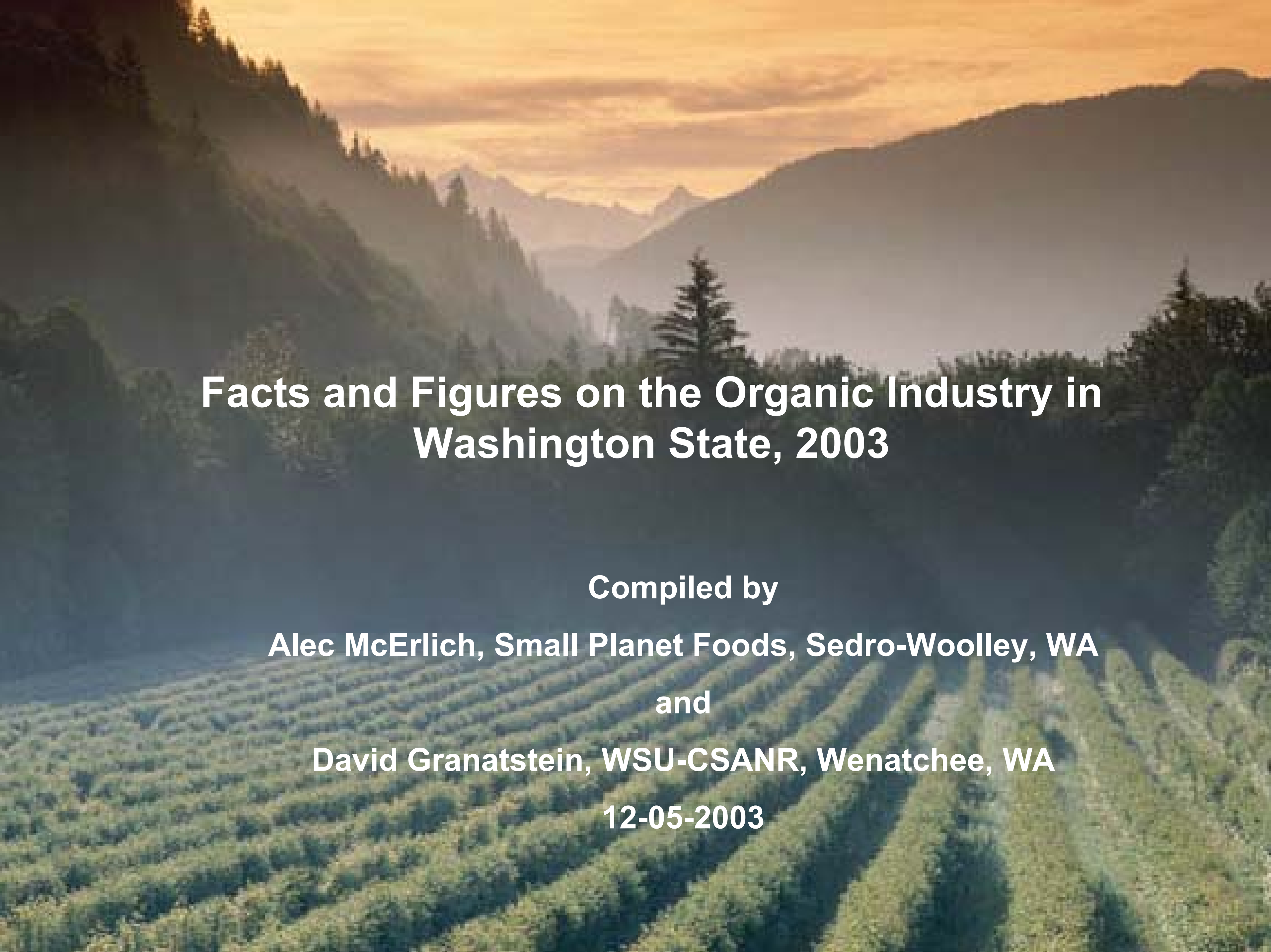

# Facts and Figures on the Organic Industry in Washington State, 2003


Compiled by

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and

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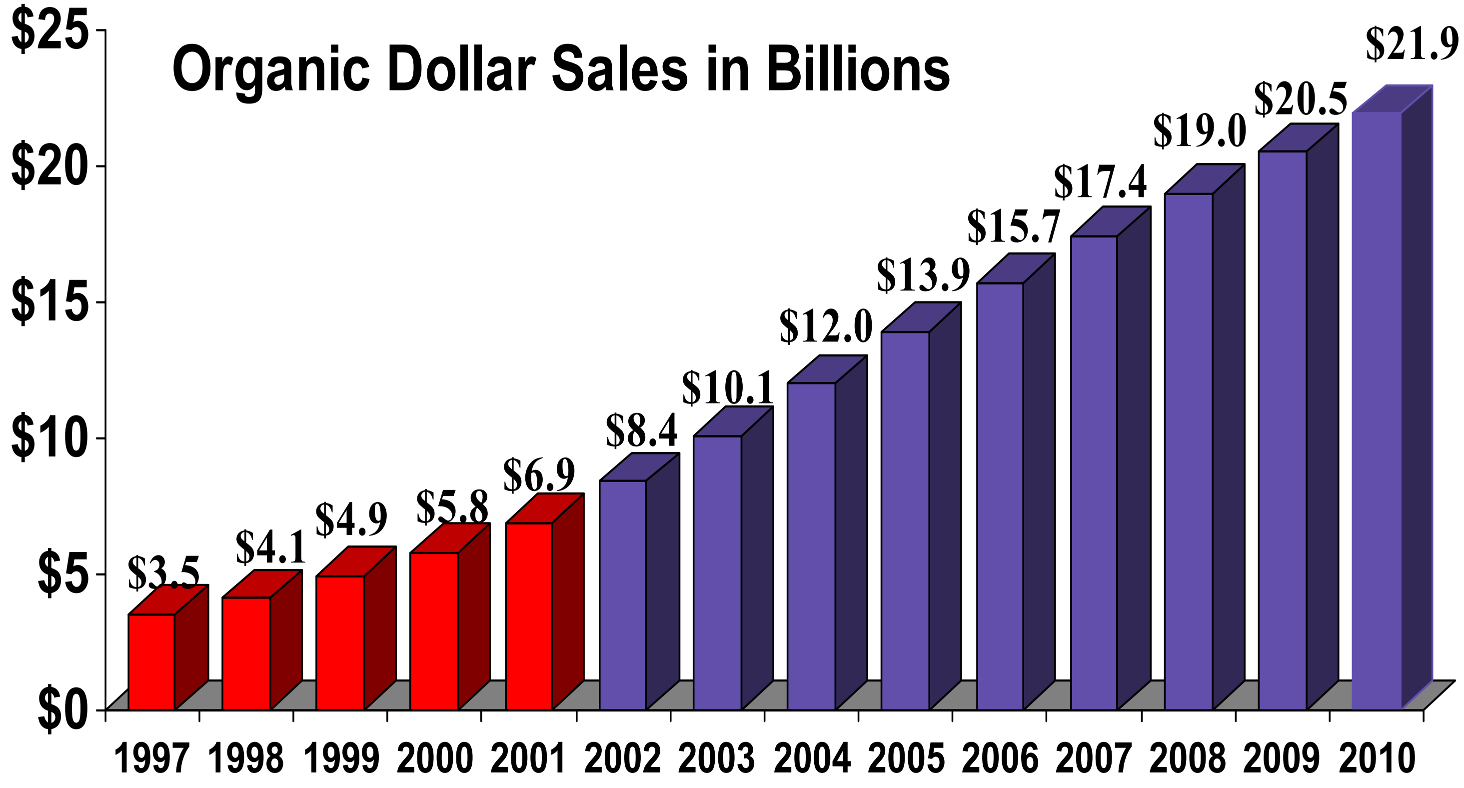
12-05-2003

# Organic Growth

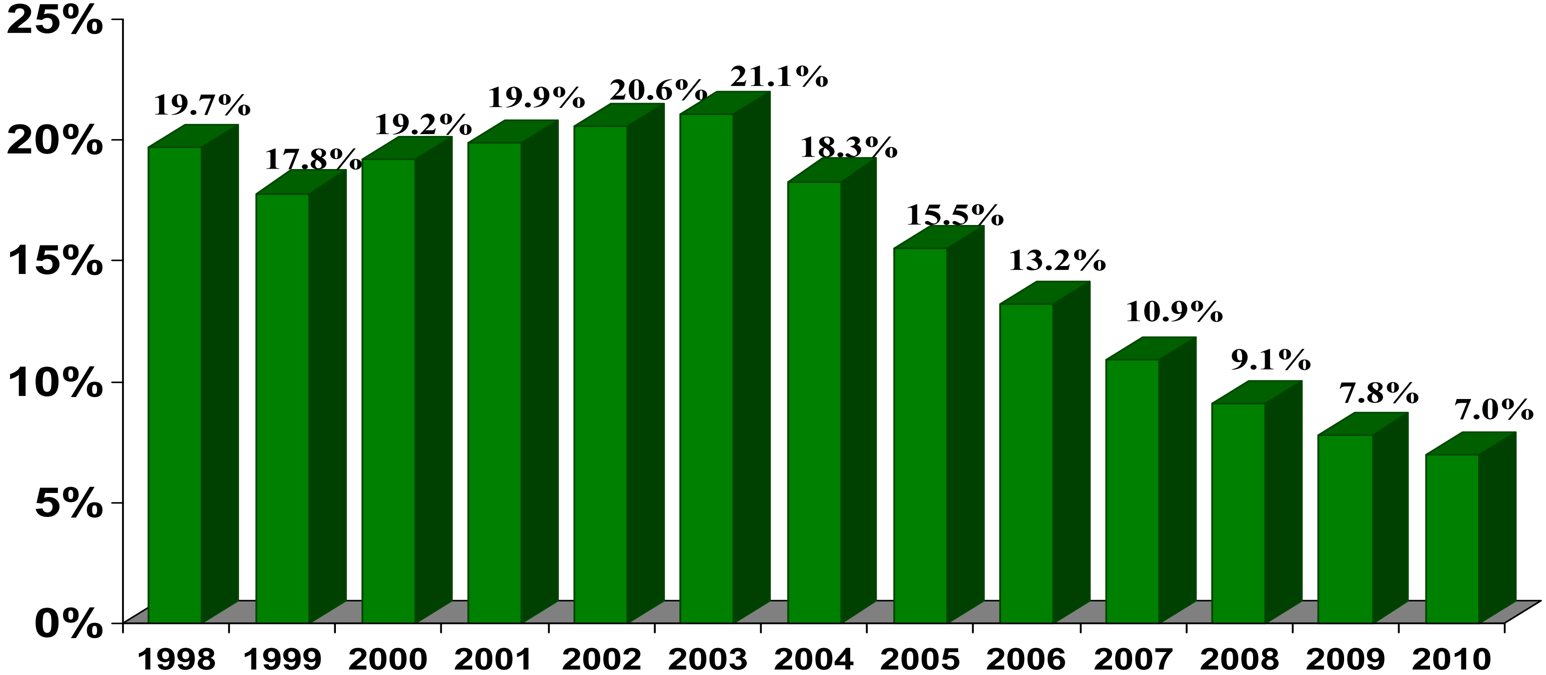
- In 2000, US organic food represented 1% of total US food sales and is expected to account for nearly 4% by 2010.




Source: Nutrition Business Journal 9/01

# Double Digit Growth to Extend Through 2007

- Organic food growth exceeds traditional food growth.
- NBJ estimates that 75%-90% of current “natural” foods will be converted to organic foods




Source: Nutrition Business Journal 9/01

# Growth of Organic – Worldwide Trend

- Global Organic Food Retail Sales
  - $22 billion in 2000
  - $60 billion by 2005 (proj)*
  - 5% to 10% of all European Food Sales by 2005 (proj)*
- Sustained growth rates of 20%+ over the last decade
- Organic is moving mainstream
  - Fastest growing segment of supermarket business
  - Increases in multi-ingredient and convenience products
  - Viable alternative to bio-tech foods and food safety concerns
- Competition in category remains highly fragmented
  - Few major players

Sources: *Euromonitor 2000, Rodale Press, 2001 Organic Trade Association, 2000, Mintel 1999

# Top Motivators for Organic Food & Beverage Purchases

| | |
|---|---|
| ➢ Health/nutrition | 66% |
| ➢ Taste | 38% |
| ➢ Food Safety | 30% |
| ➢ Environment | 26% |
| ➢ Availability | 16% |
| ➢ Price | 16% |
| ➢ Appearance | 12% |
| ➢ Family | 11% |
| ➢ Other | 5% |

NBJ Organic Food Report 2003

# Key Organic Consumer Drivers

- 76 million baby boomers comprising 33% of the US population express growing concern with health, disease prevention and longevity.
- Perception of organic food as contributor to overall health.
- Organic food perceived as safer, fresher, higher quality and more nutritious
- Pesticide residue, GMO and other food safety fears
- Concern for children's health, family health and personal health
- Perception of organic food as premium & "gourmet"
- Environmental issues
- Animal cruelty issues
- Declining price
- Greater availability

NBJ Organic Food Report 2003

# US Consumers Buy Organic

- 39% of US population purchased organic products in 2002 (NMI and SPINS Organic Consumer Trends Report 2002).
- Around 45% of households purchased organic in 2002 compared to 27% in 2001 (Acirca/Roper)
- 6% of organic consumers are “core organic” consumers; 35% “mid level” organic consumers; and 59% “peripheral” organic consumers. (The Hartman Group)
- 40% of Americans plan to increase organic food in diet within next 12 months.
- 87% of organic consumers regularly rate organic foods higher quality than conventional foods. (The Hartman Group 2002)
- 6% of core organic consumers buy for children under age 6. (Organic Lifestyle Shopper Study, Fall 2000)
- Among 18-24 year olds, 68% purchase organic “every time” or “sometimes” when shopping. (Acirca/Roper 2002)

# Retail Sales

- Gateway products – milk > fresh produce > processed vegetables > processed dairy > processed foods.
- Store within a store – organic and natural foods section within a supermarket.
- Half of all baby food sales are organic.
- Major chains selling organic – PCC, Fred Meyer, Haggen, Whole Foods, Food Pavilion, Safeway, Thirty. Introduction of private label brands.
- Discounters entering the market – Costco, Wal-Mart.
- Consolidation.
- Consumer purchase barriers
    - Cost
    - Availability/access
    - Selection

# Major Organic Companies in WA

- **Vegetable Processors**
  - Small Planet Foods (General Mills)
  - Willow Wind
  - Twin City Foods
  - Lamb Weston
  - National Frozen Foods
  - JR Simplot
  - Columbia Frozen Foods

- **Juices/ Concentrates**
  - Tree Top
  - Welch Foods
  - Johnson Concentrates
  - Northwest Naturals
  - Valley Processing
  - Snokist Growers

- **Distribution**
  - Mountain People's Warehouse
  - Charlie's Produce
  - NSSI

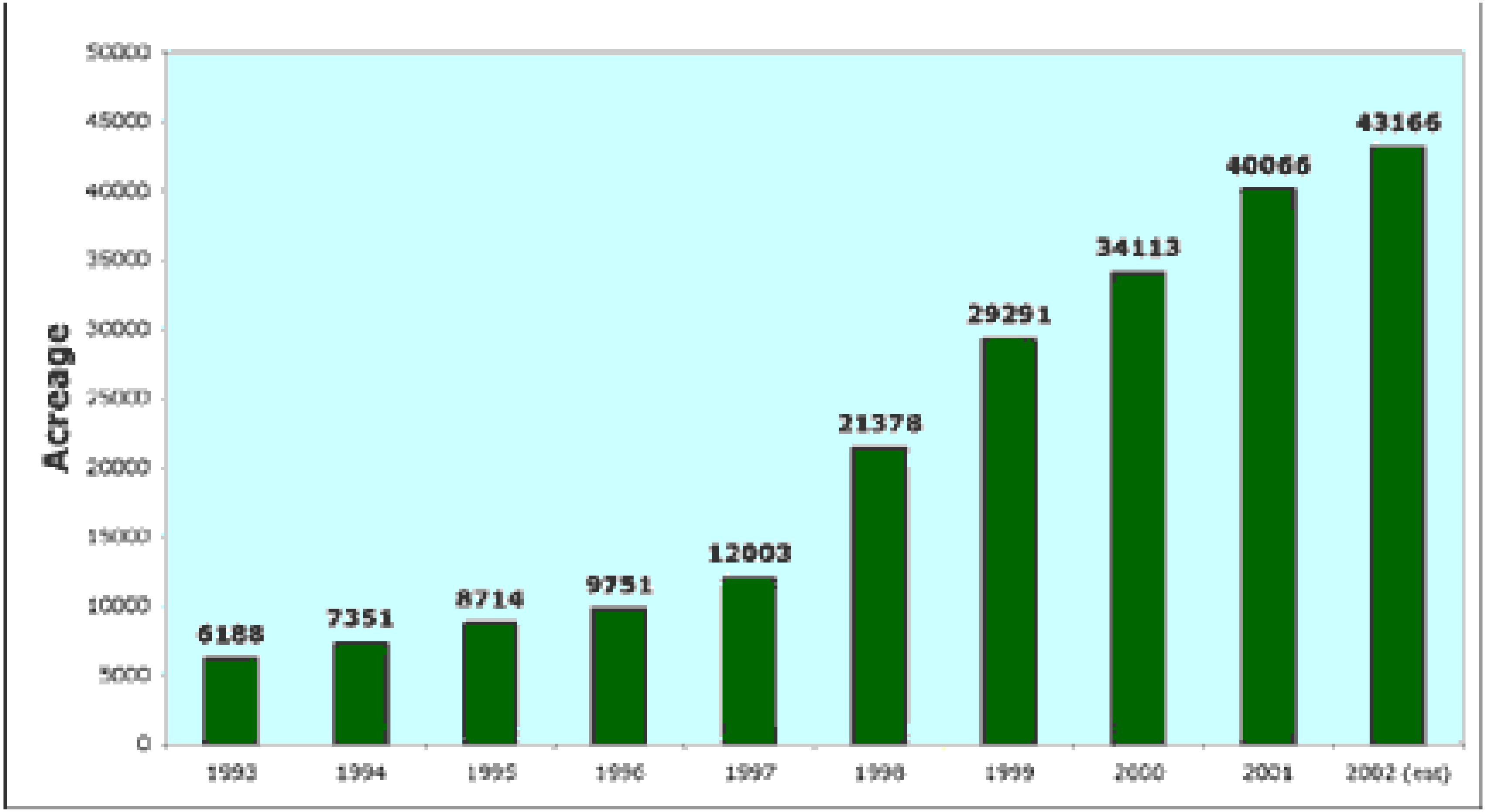
- **Berry fruit**
  - Sakuma Bros Processing

- **Tree Fruits**
  - C M Holtzinger
  - Trout Blue Chelan
  - Stemilt Growers
  - Dovex Marketing Company
  - Blue Bird
  - Snokist Growers
  - GS Long,
  - Pac Organic
  - CF Fresh
  - Inland Fruit & Produce
  - Nature's Pride Organics

- **Processed Foods/Bakeries**
  - Essential Foods
  - Touchstone Bakery

- **Others**
  - Starbucks Coffee Co
  - Four Seasons Coffee
  - Trout Lake Farm
  - Fungi Perfecti
  - Wilcox Farms
  - Nature's Path
  - Organic Valley

# WSDA-OFP Certified Acres in WA 1993-2002.

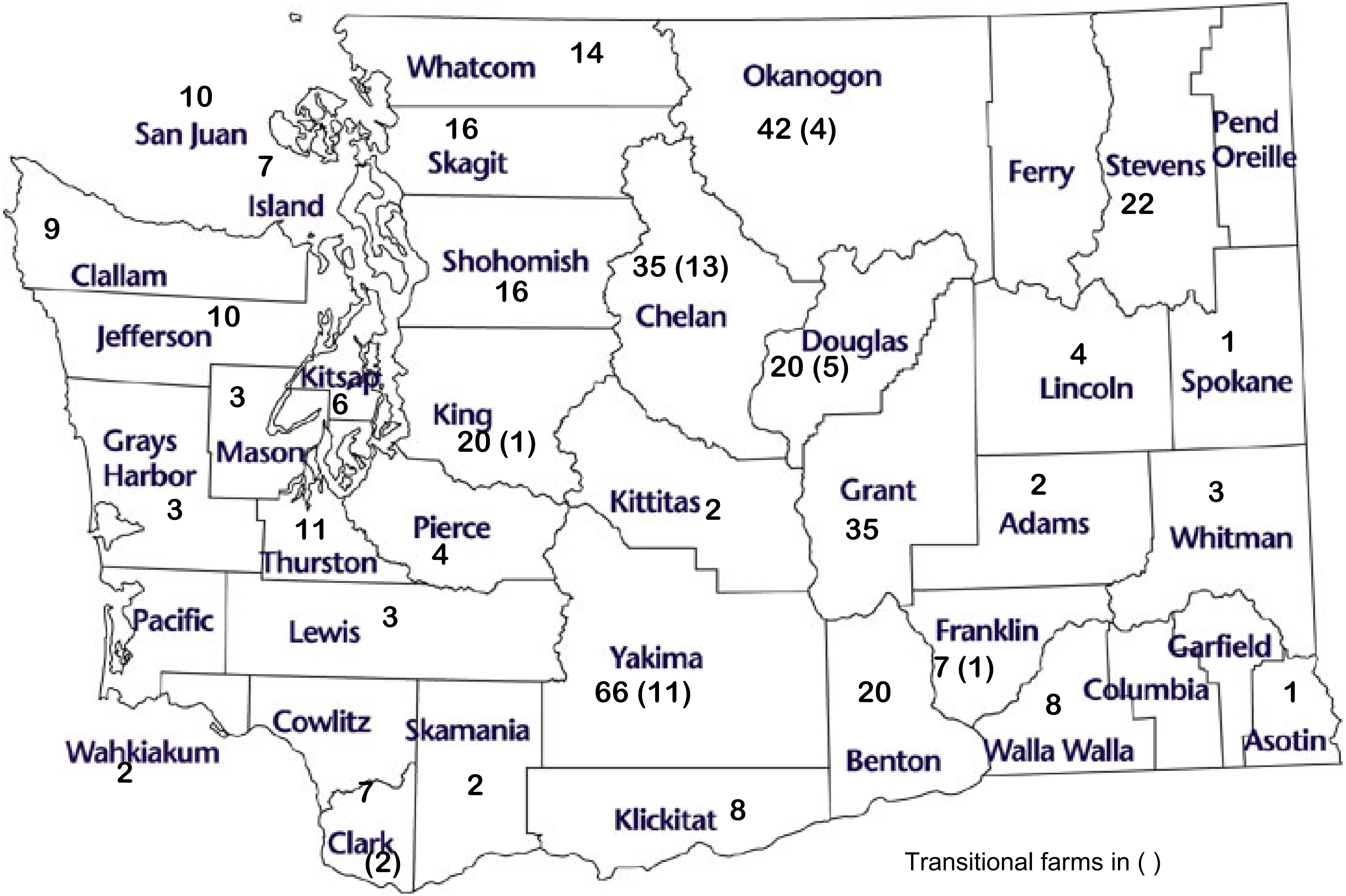



Data Source: WSDA-OFP

# Certified Farm Acres by County
(July 2001)

Data Source: WSDA-OFP

# Number of Organic Farms per County - July 2001



# The “Organic Divide”

| | WEST | EAST |
|---|---|---|
| Certified Acres | 5656 (18%) | 25,312 (82%) |
| Transition Acres | 80 (2%) | 3,904 (98%) |
| # Growers | 143 (34%) | 276 (66%) |
| Ave. Acres/Grower | 39.5 | 91.7 |

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(2000)

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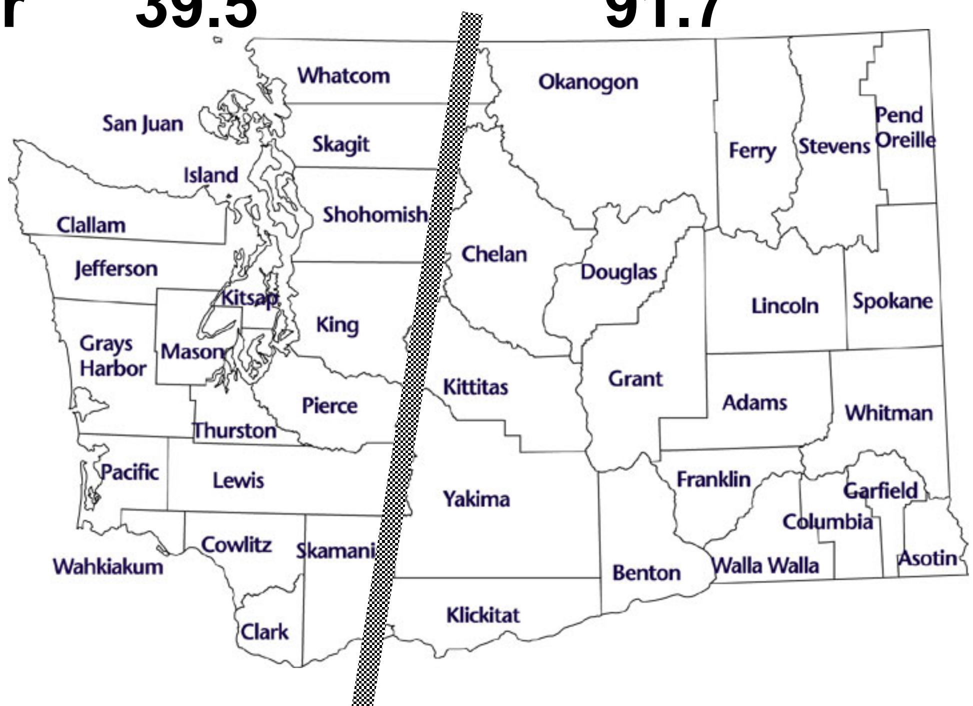
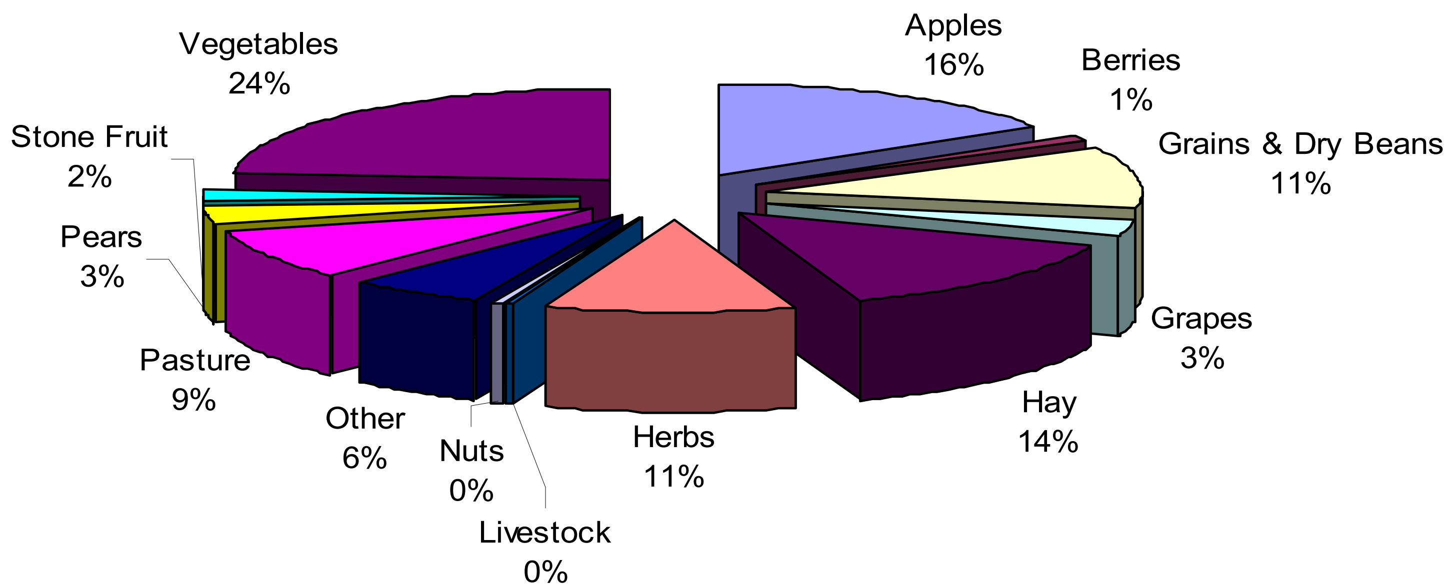


# Proportion of Organic by Crop Type, 2001




Data Source: WSDA-OFP

## Organic Tree Fruit Acreage in WA - 2002

| | Cert. | Trans. | Total |
|---|---|---|---|
| Apples | 8075 | 1786 | 9861 |
| Pears | 1771 | 192 | 1963 |
| Cherries | 501 | 184 | 685 |
| | | | |
| Apricots | 90 | 12 | 102 |
| Peaches | 195 | 4 | 199 |
| Nectarines | 78 | 3 | 81 |
| Plums | 46 | 3 | 49 |
| Other | 17 | 2 | 19 |
| **Total** | **10,773** | **2,186** | **12,959** |

Data Source: WSDA-OFP

# Organic Orchard Acreage as a Percent of Total Washington Orchards

| | Apple | Pear |
|---|---|---|
| 1996 | 0.68 | 1.49 |
| 1997 | 0.96 | 1.68 |
| 1998 | 1.05 | 1.84 |
| 1999 | 1.36 | 1.87 |
| 2000 | 2.48 | 2.54 |
| 2001 | 3.90 | 5.27 |
| 2002 | 4.81 | 7.14 |
| 2002 (C+T) | 5.87 | 7.92 |

**Based on 2001 USDA-National Agricultural Statistics for bearing acreage**

# Industry Highlights 2003

- Continued integration into USDA-NOP.
- Tilth Producers membership increasing.
- WSU BioAg federal funding.
- WSU increases certified land area for research.
- WSU considering an organic degree major. (first for a US University).
- Small growers withdraw from WSDA-OFP.
- Paul Allen Foundation funds global warming study within WSU-CSANR. Organic and permaculture systems are components of this study.
- WSU forms an organic research working group.
- 18-25 age group showing increased interest in organic.
- Organic Farming Research Foundation gives good marks for WSU lead in organic research and education.
- Consideration being given to industry funding mechanisms for organic research.
- Industry and brand consolidation.